



Matt Brand
Chief Executive Officer

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Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

By email: economics.sen@aph.gov.au

Dear Economics Committee

RE: Constitutional Corporations (Farm Gate to Plate) Bill 2011

NSW Farmers welcomes the opportunity to provide input to the inquiry on the Constitutional Corporations (Farm Gate to Plate) Bill 2011.

NSW Farmers welcomes the intent behind the Bill, in that any policy that has the desired effect of benefiting farmers through more equitable pricing arrangements, is worthy of serious consideration. However after sourcing Member feedback, a number of key issues have been identified within the proposed legislation.

Despite the overall intent of the Bill, NSW Farmers does not feel confident in supporting it without further details about how the information would be gathered, published and monitored in a practical and cost effective manner. An adequate databank for farmgate prices for fruit and vegetables does not currently exist, and prices are not always simplistic. Many producers use wholesalers, and as such they do not actually receive a direct 'farmgate price', but receive a variable percentage of the market price. There are also limited channels for accurately assessing the farmgate price of imported produce.

The supply chain is a complex and highly variable operation, in which costs change significantly on a geographical and seasonal basis. Without further information, there is a general concern amongst Members that displaying only the farmgate price may misrepresent the costs associated with the supply of fresh produce, such as; freight, storage, labour, etc.

In terms of accurately conveying any large discrepancies between the farmgate price and the price supermarkets offer, purely displaying a 12 month rolling average price may not be that effective, due to significant seasonal variations in price. A shorter period for calculating average price may be more appropriate in terms of capturing the natural price variation. Following on, purely displaying the price farmers receive may have adverse, unintended consequences when comparing imported produce with that grown domestically. A solitary price figure may confuse profit with revenue in the public's eye, suggesting domestic farming operations are price gouging, without incorporating higher input costs.

NSW Farmers' Association

ABN 31 000 004 851 GPO Box 1068 Sydney NSW 2001 Level 25 66 Goulburn Street Sydney NSW 2000
Member Service Centre 1300 794 000 T 02 8251 1700 F 02 8251 1750 W www.nswfarmers.org.au



Aside from the technical details, there is concern that the costs associated with implementing this proposed legislation may not result in tangible benefits. NSW Farmers has not been made aware of any empirical evidence that suggests that this labelling system would alter the spending habits of consumers, or the prices received by producers.

As a result of the concerns outlined above, NSW Farmers does not support the proposed legislation in its current form. Supermarket power and the effect it has on producers and consumers is a prevalent and pressing issue in present day society. This is an issue that will require substantial analysis and innovative approaches, in order to build towards delivering a more equitable marketplace for Australian agriculture. NSW Farmers looks forward to working closely with Government and key stakeholders to achieve this result.

Yours sincerely

Matt Brand
CHIEF EXECUTIVE

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